

Object Code - General Information and Selection Guide

Owner: Statewide Accounting Services-OOC

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What is An Object Code?

- In standard terms, an Object Code is used to define various classifications and breakdowns of expenses.
- The Commonwealth uses Object Codes to identify the type of expenditure(s) being obligated/charged against an agency's operating budget.
- Object Codes within the eMARS application are represented by a four digit code that begin with either an "E" for Operating expense or a "T" for Transfers out.
- All Object Codes are defined and centrally maintained on the Object (OBJ) table.
- The Object Code is often referenced on financial reports, both statewide and agency specific.

Object Code Rollups

- Each Object Code consists of Rollup codes that helps further define the Object Code.
 - Object Rollups include: Object Class, Object Category, Object Type, and Object Group.
- The Object Type, in particular, is used as a further budget authority breakout of a General Fund Allotment.
 - Budget Allotment by Object Type can be viewed on level 3 of the KY Expense Budget. (BQ3LV3)

** The Commonwealth's Object Code structure has been largely unchanged since the implementation of the prior Financial Application, MARS.*

When to use an Object Code

- An Object Code should be used any time budgetary impact is desired or needed.
- An Object Code is required on all award (Encumbrance) or payment (Expenditure) documents. This includes Transfer documents.

How to Select an appropriate Object Code

It is important to select the appropriate Object Code to ensure an accurate representation of actual expenditures. The following recommended guidelines will assist in selecting an appropriate Object Code.

- Select an Object Code that falls within the correct Rollup classifications, specifically Object Type and Object Class.

- **Object Type**
 - Object Type Page code: OTYP
 - There are 7 defined Object Types:

| Object Type | Name |
|-------------|-------------------------|
| 1 | Personnel Costs |
| 3 | Operating Costs |
| 4 | Grants, Loans, Benefits |
| 5 | Debt Service |
| 6 | Capital Outlay |
| 7 | Capital Projects Outlay |

- **Object Class**
 - The Object Class Page code: OCLS
 - There are currently 87 Object Classes
 - Ex. Salaries and Wages, Postal and Related Services, Travel Exp & Exp Allowances, Grants, Computer Equipment, Supplies, Etc.
- Avoid Object Codes with “Miscellaneous” or “Other” as part of the name when possible.
 - Choose an Object Code that is specific in name, and most closely matches your intent.
- Consider all other requirements.
 - Does the Object Code need to be Reimbursement Eligible?
 - Is the Object Code specifically intended for Payroll usage?
- Fiscal Officers are responsible for selecting the most suitable Object Code(s) based on the type of expenditure and their own agency’s guidelines.
 - Ex. An invoice with multiple Goods & Services may impact more than one Object Type or Object Category. It is the submitter & approver’s responsibility to properly identify each expenditure type, and post against the correct Object Codes.

1099 Reporting

- 1099 reporting is the process in which the Commonwealth reports vendor income to the IRS for the tax year. 1099 reporting also reports how much Backup Withholding or 3402(t) Contract Withholding was taken against a vendor.
 - A transaction is considered 1099 reportable if all of the following are true:
 - The vendor is eligible for 1099.
 - The Object and BSA codes are 1099 reportable.
 - The vendor has a valid Organization Type, 1099 Classification, and TIN Type combination on their VCUST record.
 - The Type of Income for the vendor is reportable for the VORGCL 1099 Reporting Classification on the 1099 Type of Income (TINC) table.
 - Agencies should follow IRS guidance when determining if an expenditure is 1099 reportable. A brief explanation by the IRS can be found at: <https://www.irs.gov/businesses/small-businesses-self-employed/am-i-required-to-file-a-form-1099-or-other-information-return>.
 - As a general rule, a 1099 Form must be issued to each vendor for whom the Commonwealth has paid at least \$600 in rents, services (including parts and materials), prizes and awards or other income payments within the tax year.

Additional Resources

- The '**Expenditure Object Classification**' report, within eMARS Reporting, offers a simple listing of Object Classes, and the Object Codes that fall within each Class.
 - File path: *Public Folders-eMARS Financial – Statewide Reports – Chart of Accounts Reports - Expenditure Object Classification*

- The '**Object Code and Revenue Source Listings**' can be found on the Finance Cabinet's website.
 - <https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/Pages/accounting-functional-areas.aspx>
 - This is an excel spreadsheet that allows filtering on all Object Rollups for easy Object Code deduction.